TOPIC: COLLEGEINVEST OVERVIEW

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COLLEGEINVEST

I. SUMMARY

 Created in 1979, CollegeInvest is a not-for-profit division of the Colorado Department of Higher Education.

- It is a self-supporting state enterprise and does not receive any General Fund revenues.
- CollegeInvest administers four distinct 529 College Savings Plans representing over 300,000 families and \$4 billion in college savings nationally.
- A child is <u>7 times</u> more likely to attend college if they know they have a college savings account set up in their name. (Source: Washington University Center for Social Development)
- In addition to tax-advantaged college savings plans, CollegeInvest provides free expert information and financial planning tools, a financial literacy program, scholarships and matching grants.
- Current staff of 21 professionals.

II. BACKGROUND

College is a proven investment that will not only strengthen our state's economy but also vastly improve the quality of life for our youth. This is why The Department of Higher Education's primary goal is to increase college enrollment and completion.

But, the academics and the admissions process are only part of the equation. With the ever-rising cost of higher education, the question of how families can pay for college looms large. Even those who qualify for scholarships and financial aid are typically faced with huge gaps to meet the total cost of a higher education.

CollegeInvest helps Colorado families break down these financial barriers to achieving a higher education and is critical to the department's mission.

And there has never been a more important time than now to help Colorado families save. Student loans are the second most common source of household debt and have exceeded the nation's credit card debt for the first time in history. Compounding this is the growing economic reality that parents cannot count on college loans and grants being available or affordable when their children reach college age.

We cannot prevent the reality of tuition increases and the decrease in financial aid, but we can provide tools to help Colorado families address the challenge of paying for higher education.

While there are many commercial options for college savings accounts, CollegeInvest is the only entity that offers Colorado citizens additional tax benefits. Although individual tax situations vary, for most families the annual tax savings can be significant. And studies prove parents owning 529 college savings plans were the most successful group in saving for college.

We know that there is no single plan or savings vehicle that's right for every family, and that's why CollegeInvest offers four distinctly different savings account options, including an FDIC insured plan, and a principle protected plan with a guaranteed return.

In fact, because of CollegeInvest's commitment to meeting the public's changing college savings needs and preferences, Colorado families benefit from one of the most diverse state sponsored 529 programs in the country.

III. STAFF ANALYSIS

None. Information item only.

IV. STAFF RECOMMENDATIONS

None.

STATUTORY AUTHORITY

C.R.S. Article 23, Part 3.1 (1979)